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Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 H-01 SY-05 USSS-00
NSC-05 L-03 CA-01 /046 W
----------060257 271910Z /40
O R 271547Z OCT 77
FM AMEMBASSY KUWAIT
TO AMEMBASSY TEHRAN NIACT IMMEDIATE
DEPT OF TREASURY WASHDC
SECSTATE WASHDC 9351
INFOR AMEMBASSY ABU DHABI
USINT BAGHDAD POUCH
AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY BEIRUT POUCH
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL DHAHRAN IMMEDIATE
AMEMBASSY DOHA
AMEMBASSY JIDDA
USLO RIYADH

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TEHRAN FOR SECRETARY'S PARTY

E.O. 11652: NA
TAGS: ETDR, EFIN, ELAB, BEXP, OVIP (BLUMENTHAL, W.
MICHAEL)
SUBJECT: BLUMENTHAL VISIT TO KUWAIT: BUSINESSMEN'S MEETING
ON EFFECTS OF 1976 TAX REFORM ACT

REF: (A) TREASURY 191505Z OCT 77 (NOTAL), (B) KUWAIT
2512 (NOTAL) AND PREVIOUS.

1. IN GREATLY APPRECIATED QUESTION AND ANSWER SESSION
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HELD OCT. 26 IN KUWAIT, SECRETARY BLUMENTHAL BRIEFED 22
AMERICAN BUSINESSMEN FROM KUWAIT AND OTHER PARTS OF
THE REGION ON STATUS OF EFFORTS TO MODIFY PROVISIONS OF
SECTION 911 WHICH ADVERSELY AFFECT ACTIVITIES OF U.S.
FIRMS ABROAD. SAYING THAT THEY WERE "PREACHING TO THE
CONVERTED", SECRETARY TOLD HIS AUDIENCE THAT, JUST HOURS
BEFORE HIS DEPARTURE, HE DISCUSSED WITH SENATOR RIBICOFF

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THE NEED TO REVISE HIS PROPOSED LEGISLATION AMENDING
SECTION 911 OF THE TAX REFORM ACT OF 1976 TO TAKE INTO
CONSIDERATION THE SPECIFIC CIRCUMSTANCES OF AMERICANS
WORKING IN THE MIDDLE EAST. THE SECRETARY SAID THE
SENATOR WAS RECEPTIVE TO HIS PROPOSAL THAT TREASURY TAX
POLICY OFFICIALS SIT DOWN WITH RIBICOFF'S STAFF TO
WORK OUT LEGISLATION WHICH WOULD ASSURE THAT U.S.
FIRMS CAN CONTINUE TO WORK ABROAD AND EMPLOY U.S. CITIZENS
ABROAD. IT WAS HIS IMPRESSION THAT THERE WAS NO
OVERRIDING OPPOSITION IN CONGRESS TO REVISION OF SEC. 911
AND PRINCIPAL MEMBERS OF THE SENATE FINANCE COMMITTEE
SEEMED IN AGREEMENT ON THE NEED FOR
REVISION.

2. A LOCAL AMERICAN BUSINESSMAN THEN HANDED SECRETARY
A LETTER SIGNED BY 355 AMERICANS WORKING IN KUWAIT EXPRESSING
CONCERN OVER NEGATIVE EFFECTS OF THE TAX REFORM ACT,
NOT ONLY ON THEMSELVES, BUT ALOS ON THEIR COMPANIES,
AND, EVENTUALLY, THE U.S. BALANCE OF PAYMENTS, AND ASKING
FOR REPEAL OF THE APPLICABLE PROVISIONS. SECRETARY SAID
HE WOULD PERSONALLY GIVE THE LETTER TO SENATOR RIBICOFF.
COPY OF LETTER PLUS LOCAL NEWSPAPER COVERAGE OF
AMERICAN PROTEST ACTION BEING POUCHED TO NEA/RA, NEA/ARP
AND ADDRESSEE POSTS.

3. AN AMERICAN PROFESSOR, SPEAKING ON BEHALF OF THE RECTOR
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OF KUWAIT UNIVERSITY AND THE DIRECTOR OF THE KUWAIT
INSTITUTE FOR SCIENTIFIC RESEARCH (KISR), A WELL-
FUNDED AND GROWING RESEARCH INSTITUTE, TOLD THE
SECRETARY THAT, DESPITE CONSIDERABLE OPPOSITION, THE
UNIVERSITY HAD MANAGED TO RE-ORIENT ITS PROGRAM
TOWARDS AN AMERICAN CURRICULUM AND HAD UNDERTAKEN TO
HIRE A NUMBER OF U.S. EDUCATORS TO HELP IN THIS
RESPECT. THERE WERE NOW 65 AMERICANS AT KUWAIT UNIVERSITY
AND 35 OUT OF THE 60 PROFESSIONALS AT KISR WERE
AMERICANS, HE SAID. MOREOVER, THE TWO INSTITUTIONS
HOPED TO HIRE EVEN MORE AMERICANS. HOWEVER, BECAUSE
OF THE NEW U.S. TAX LAW A NUMBER OF AMERICANS HAD
ALREADY GIVEN TENTATIVE NOTICE OF THEIR RESIGNATIONS.
HE COMMENTED THAT U.S. TAX LAWS CONTRASTED MARKEDLY WITH
THE SUBSIDIES MANY OTHER GOVERNMENTS GAVE THEIR
PROFESSORS WORKING AT KUWAIT UNIVERSITY. SECRETARY
SAID HE HAD NOT FULLY REALIZED THIS ASPECT OF
THE EFFECT OF THE TAX LAW AND WOULD PASS THIS INFOR-
MATION ON TO CONGRESS.

4. SECRETARY ALSO GAVE BRIEF GENERAL OUTLINE OF
FORTHCOMING ADMINISTRATION TAX REFORM PACKAGE AND ANSWERED

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QUESTIONS ON THE DOLLAR AND INVESTMENT IN THE U.S.,
ALL MATTERS WHICH WERE OF INTEREST TO HIS AUDIENCE.

5. PARTICIPANTS WE TALKED TO AFTER THE MEETING
WERE UNANIMOUS IN EXPRESSING THEIR DEEP APPRECIATION
FOR THE KINDNESS OF THE SECRETARY IN TAKING TIME OUT
FROM A VERY BUSY SCHEDULE TO LISTEN TO THEIR VIEWS.

6. FOREGOING HAS NOT BEEN CLEARED BY SECRETARY
BLUMENTHAL AND IS SUBJECT TO REVISIONS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, VISITS, MEETINGS, TAX REFORMS
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KUWAIT06095
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770395-0392
Format: TEL
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771016/aaaaaney.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9e750426-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 KUWAIT 971977
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 772516
Secure: OPEN
Status: NATIVE
Subject: BLUMENTHAL VISIT TO KUWAIT: BUSINESSMEN\'S MEETING ON EFFECTS OF 1976 TAX REFORM ACT
TAGS: ETRD, EFIN, ELAB, BEXP, OVIP, KU, (BLUMENTHAL, W MICHAEL)
To: TEHRAN TRSY
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/9e750426-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009